

Service Date: November 1, 1983

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application of ) UTILITY DIVISION  
PACIFIC POWER & LIGHT COMPANY For )  
Authority to Adopt New Rates and ) DOCKET NO. 83.10.71  
Charges for Electric Service Fur- )  
nished in the State of Montana. ) INTERIM ORDER NO. 5028

FINDINGS OF FACT

1. On October 21, 1983, the Pacific Power and Light Company (Applicant, Company, or PP&L) filed with the Montana Public Service Commission an application for authority to adopt new rates and charges for electric service furnished in the State of Montana. The application provides for rates estimated to produce approximately \$467,000 of additional annual revenue, resulting in a 1.9% increase in annual revenues. Rates across customer classes are calculated to rise approximately .086 cents per kilowatt-hour.

2. The proposed increase reflects additional costs of \$467,000 to be incurred by PP&L as a result of increases in Bonneville Power Administration (BPA) wholesale rates due to become effective November 1, 1983. PP&L purchases a significant portion of their energy from BPA.

3. Additionally, the Company is proposing to modify the Schedule 98 billing credit resulting from the Company's Residential Purchase and Sale Agreement (Exchange Agreement) with BPA as authorized by the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). The modification reflects the effect of the new BPA wholesale rate increase which becomes effective November 1, 1983, as

well as reflecting the increase in residential qualifying load from 70 percent to 80 percent pursuant to the Commission's decision, which appears as a Minute entry on June 27, 1983, Item No. 457. Because the average PF-2 rate from BPA is increasing to a new PF-83 rate and because of the proportionately smaller increase to the Company's Average System Cost resulting from the BPA wholesale rate increase the net effect is to reduce the Schedule 98 credit for all the related schedules.

4. The modification of the Schedule 98 billing credit results in the following Schedule 98 tariff rates, as proposed by the Company:

<u>Schedule Number</u>	<u>Schedule 98 Credit</u>
7	0.826¢ per KWH
14	0.769¢ per KWH
24	0.769¢ per KWH

5. The Schedule 98 credit amounts incorporate an adjustment for the balancing account difference which accumulated between October 1, 1982, and October 31, 1983. The Schedule 98 credit applicable for Residential Service Schedule 7 loads also includes an adjustment which passes through the accrued benefits, with interest, resulting from the Commission's decision made during the Agenda meeting of June 27, 1983, Minute Entry No. 457, to defer implementation from July 1, 1983 to November 1, 1983, of the increased Schedule 98 benefits to residential customers resulting from an increase in the qualifying load from 70 percent to 80 percent pursuant to the Regional Act. As directed by the Commission, this additional credit adjustment will remain in effect for six months, from November 1, 1983 through April 30, 1984.

6. The combined effect of the BPA wholesale rate increase and

the associated decrease in the Schedule 98 credit results in a net annual revenue increase to total retail sales of \$714,000 or 3.2% when the effects of the Exchange Credit are taken into consideration.

7. On October 31, 1983, PP&L submitted information to the Commission which results in an adjustment to PP&L's revenue request. According to PP&L, the Federal Energy Regulatory Commission (FERC) has not yet approved BPA's requested increased transmission rates. As a result, the portion of PP&L's BPA pass-through request concerning increased transmission rates have been withdrawn by PP&L until such time in the future when the FERC approves new BPA transmission rates. The Commission accepts the withdrawal of that portion of the Company's request and defers any decisions concerning new BPA transmission rates until PP&L files with the Commission future data which shows that the FERC has actually approved new transmission rates resulting in a rate adjustment request by PP&L. PP&L further submitted that the resulting adjusted annual revenue increase is in the amount of \$322,000 or 1.3 percent. The combined effect of the BPA wholesale rate increase and the associated decrease in the Schedule 98 credit results in an adjusted net annual revenue increase to total retail sales in the amount of \$632,000.

8. The modification of the Schedule 98 billing credit results in the following adjusted Schedule 98 tariff rates, as proposed by the Company:

<u>Schedule Number</u>	<u>Schedule 98 Credit</u>
7	.803 ¢ per KWH
14	.746 ¢ per KWH
24	.746 ¢ per KWH

The Commission finds that these adjusted Schedule 98 tariff rates are proper, based on this proceeding.

9. Since the Commission finds that the increased expense is to a large extent, a known and measurable change and lies beyond the direct control of the Applicant, the Commission determines that interim relief in the amount of \$322,000 is appropriate. In granting this interim relief, the Commission determines that the Company is using correct accounting procedures pursuant to Commission directive in Order No. 4916, Docket No. 82.6.41, and the June 77, 1983, Minute. entry No. 457, regarding accrued benefits r with interest, and deferred implementation of increased Schedule 98 benefits to residential customers.

10. The Company is directed to increase rates, obtaining the revenue requirement of \$322,000 from the various rate schedules. An approximately 1.3 percent increase to all but the lighting rates is approved t the 0.059 cents per Kwh to the lighting rates is also approved The 1982 test year shall serve as the basis for the billing determinants The existing relationship between rate blocks and time-of-use should be maintained.

11. The granting of interim relief in this matter should in no way be misinterpreted to mean that any issue in the case has been decided before all the evidence has been presented and heard during the course of these proceedings. Should, for any reason, the amount of the interim relief granted herein be found to be excessive as regards a final decision in this case, the Company will be required to refund any excess, to include interest at the rate of the currently authorized rate of return on equity (14.52) to the ratepayer.

### CONCLUSIONS OF LAW

1. Applicant, Pacific Power and Light Company, is a corporation providing service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, "The Commission may, in its discretion, temporarily approve increases pending a hearing or final decision."

4. The rate levels and spread approved herein are a reasonable means of providing interim-relief to PP&L. The rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event that any revenue increases authorized by this Order are found to be unjustified in the final order in this Docket.

### ORDER

1. Applicant, Pacific Power and Light Company, is hereby granted interim relief in the amount of approximately \$322,000 to be recouped as per the tariffs filed in conjunction with the instant application with the exception as set forth in Findings of Fact paragraph No. 10 of this Order. The Company shall file revised tariffs reflecting the modifications of Schedule 98, as described in Findings of Fact paragraph No. 8.

2. Such relief is to become effective for service rendered on and after November 1, 1983, and remain in effect until such time as a final decision is reached in this matter.

3. The Commission determinations in Findings of Fact paragraph Nos. 5 and 6 are also to be considered as part of the Order section of this Interim Order.

4. Interim revenues granted herein are subject to rebate should the final order in this Docket determine that less increase is warranted. Such a rebate would include interest at 14.5% the currently authorized rate of return on equity.

DONE AND DATED this 31st day of October, 1983, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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THOMAS J. SCHNEIDER, Chairman

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(SEAL)

Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 28.2.4806, ARM.